

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



January 12, 2004

Regulation Package #0803-20

CDSS MANUAL LETTER NO. FS-03-04

TO: HOLDERS OF THE FOOD STAMP MANUAL, DIVISION 63

Regulation Package #0803-20**Effective 11/1/03****Sections 63-503, 63-504, and 63-505**

This manual letter has been posted on the Office of Regulations Development website at http://www.dss.cahwnet.gov/ord/FoodStamps_618.htm.

On May 1, 2003, the Food and Nutrition Service released United States Department of Agriculture Administrative Notice 03-23 transmitting the final rule on Anticipating Income and Reporting Changes. This Rule, published in the Federal Register, Vol. 68, No. 82 dated April 29, 2003, finalizes provisions of a proposed rulemaking first published on December 17, 1996. The requirements of the regulatory provisions, in 7 CFR Part 273, that the State will be implementing are as follows: 1) The current requirement that change-reporting households report a change of more than \$25 in monthly gross income will be increased to more than \$50 for unearned income and to more than \$100 for earned income, and 2) a technical amendment addressing procedures for the handling of certain recurring income in a retrospective budgeting system. These regulations align the state regulations with the federal regulations for anticipating income and reporting changes.

These regulations were adopted on an emergency basis effective November 1, 2003 and will be considered at the Department's public hearing held on December 17, 2003.

FILING INSTRUCTIONS

All new revisions are indicated by a vertical line in the left margin. Revisions shown in graphic screen will continue to be shown in that manner until new revisions are done to those pages. The attached pages are to be entered in your copy of the Manual of Policies and Procedures. The latest prior manual letter containing Food Stamp Manual changes was FS-03-03.

<u>Page(s)</u>	<u>Replace(s)</u>
270	Page 270
315.1	Page 315.1
353.1	Page 353.1
370	Page 370
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Attachments

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.232 Retrospective Budgeting

The CWD shall use the following income to retrospectively budget the household's level of benefits.

(a) Actual Income

For purposes of determining the household's level of benefits for the issuance month, the CWD shall take into account the household's actual reported income for the budget month, except for child/spousal support disregard payments, which shall be based on the CWD information.

(b) Averaged Income

For purposes of determining the household's level of benefits for the issuance month, the CWD shall take into account any income that has been averaged for the household for the budget month.

(1) Self-employment income received less often than monthly. Households which derive their annual income in a period of time shorter than one year shall have that income averaged over a 12-month period.

(2) Nonexcluded scholarship, deferred educational loan, and educational grant income as specified in Section 63-503.212(b)(2). Such income shall not effect more benefit months than the number of months in the period over which it is averaged.

(3) Contract income as specified in Section 63-503.212(b)(3). Such income shall not effect more benefit months than the number of months in the period over which it is averaged.

(c) Income Only in the Month Received

When determining the household's level of benefits for the issuance month, the CWD shall count as income only that amount actually received by the household in the budget month, except as provided below:

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- (1) Income that has been averaged, in accordance with Section 63-503.212(b).
- (2) The CWD shall budget stable earned and unearned income which is received on a regular basis as a monthly or semi-monthly payment for the month such income is intended to cover. Households receiving such income shall not have their monthly income varied merely because mailing or payment cycles, or because weekends or holidays may cause two payments to be received in one month and none in the next month.
- (3) A GA/GR payment, covering a period which begins in the current month and ends in a future month, received in the current month is counted as income in the current month.

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- (A) For example, a GA/GR payment received in June which is intended to cover the last two weeks in June and the first two weeks in July is counted as income for June.

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- (4) Wages held at the request of the employee shall be considered income to the household in the month the wages would otherwise have been paid by the employer.
- (5) All AFDC, GA/GR, RCA, and ECA payments (initial, regular monthly, and additional/corrective) for the issuance month shall be anticipated with reasonable certainty, as defined in Section 63-503.212(a). The CWD shall ensure that any additional/corrective payments to the regular grant received in and for the issuance month are counted prospectively.

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NOTE: Authority cited: Sections 10553, 10554, 10604, 11369, and 18904, Welfare and Institutions Code. Reference: Sections 10554 and 18904, Welfare and Institutions Code; 7 Code of Federal Regulations (CFR) 271.2; 7 CFR 272.3(c)(1)(ii); 7 CFR 273.1(b)(2)(iii), (c)(3)(i), (ii) and (e)(1)(i) as published in the Federal Register, Volume 59, No. 110 on June 9, 1994; 7 CFR 273.2(j)(4); 7 CFR 273.4(c)(2), (c)(2)(i), (c)(2)(i)(A), (c)(2)(iv), (c)(2)(v), (c)(3)(v), and (e)(1) and (2); 7 CFR 273.9(b)(1)(ii), (b)(2)(ii), and (d)(6)(iii)(F); 7 CFR 273.10; 7 CFR 273.10(a)(1)(iii)(B); 7 CFR 273.10(c)(2)(iii), (c)(3)(ii), proposed amended 7 CFR 273.10(d) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; (d)(1)(i), (d)(2), (d)(3), (d)(4), and proposed (d)(8) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, and proposed amended 7 CFR 273.10(e)(1)(i)(E-H) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 273.11(a)(1)(i) through (iii), (a)(2)(i), (b)(1), (b)(1)(i) and (ii), (c), (c)(1), (c)(2), (c)(2)(iii), (c)(3)(ii), (d)(1), and (e)(1); 7 CFR 273.12(a)(1)(i)(A), (a)(1)(i)(B), (a)(1)(i)(C)(2), and (c)(3)(iv); 7 CFR 273.21(f)(2)(ii), (iii), (iv), and (v), (g)(3), (j)(1)(vii)(B), and (S); 7 CFR 273.24(b)(4); (Court Order re Final Partial Settlement Agreement in Jones v. Yeutter (C.D. Cal. Feb. 1, 1990) ____ F. Supp. ____; Waiver Letter WFS-100:FS-10-6-CA, dated October 2, 1990, U.S.D.A., Food and Consumer Services; Administrative Notice No. 89-12, No. 92-23, dated February 20, 1992, No. 94-39, and No. 94-65; Public Law (P.L.) 100-435, Section 351, and P.L. 101-624, Section 1717; [7 United States Code (U.S.C.) 2012, 2014(e), and 2017(c)(2)(B)]; 7 U.S.C. 2015(d)(1); 8 U.S.C. 1631, P.L. 104-193, Sections 115, 815, 821, 827 and 829 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); Federal Food Stamp Policy Memos 82-9 dated December 8, 1981, and 88-4 dated November 13, 1987, Federal Register, Vol. 66, No. 229, dated November 28, 2001, and USDA, FNS AN 02-23 dated February 6, 2002; and USDA FNS AN 03-23, dated May 1, 2003.

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- (c) Changes reported during the certification period shall be subject to the same verification procedures as apply at initial certification, with the following exceptions.
- (1) The CWD shall not verify income if the source is unchanged and the amount has changed by \$50 or less.
 - (2) The CWD shall not verify utility expenses which are unchanged or have changed by \$25 or less.
 - (3) The CWD shall not verify medical expenses which are unchanged or have changed by \$25 or less. Also, changes in medical expenses obtained from a source other than the household shall not be acted on if, in order to take action, the CWD is required to contact the household for verification. The CWD shall only act on changes received from another source if they are verified upon receipt and do not necessitate contact with the household.
 - (4) The CWD shall not verify an unchanged legal obligation to pay child support to a nonhousehold member or a decrease in the amount of child support paid.
- (d) The CWD shall verify changes to voluntarily reported medical expenses if the change is over \$25 and would increase the household's allotment. In the case of a reported change that would decrease the household's allotment, or make the household ineligible, the CWD shall act on the change without requiring verification, although verification which is required because the amount is over \$25 shall be obtained prior to the household's recertification.
- (e) The CWD shall verify questionable information which is incomplete, inaccurate, inconsistent or outdated.

.422 Increase in Benefits

Restoration of lost benefits shall be provided to a household if the CWD fails to take action within the following time frames on a change which increases benefits.

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.88 Photo ID Card Waivers

- .881 One or more of the minimum photo ID requirements in Section 63-504.84 may be waived for any CWD that can demonstrate that its alternate ID card or system will provide adequate safeguards against fraudulent and duplicate issuances.
- .882 In counties where photo ID cards are mandated, and a waiver is desired, the CWD shall request a waiver from FNS through SDSS. Decisions on the granting of waivers will be made on a case-by-case basis.

NOTE: Authority cited: Sections 10553, 10554, 10604, 11265.1, 11369, and 18904, Welfare and Institutions Code. Reference: Sections 10554 and 18904, Welfare and Institutions Code; 7 Code of Federal Regulations (CFR) 271.2; proposed 7 CFR 273.2(f)(1)(xii) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, (f)(8)(i); (f)(8)(i)(A) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; (f)(8)(ii), (h), and (h)(1)(i)(D), 7 CFR 273.2(j)(3) and (4); 7 CFR 273.8(b); 7 CFR 273.9(d)(6)(iii)(F), 7 CFR 273.10(d)(4), (f), (g)(1)(i) and (ii); 7 CFR 273.12(a)(1)(i)(A), (a)(1)(i)(B), and (a)(1)(i)(C)(2); proposed 7 CFR 273.12(a)(1)(vi) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, and (c); 7 CFR 273.12(e)(1), (e)(2), and (e)(4); 7 CFR 273.13(a)(2); 7 CFR 273.13(b)(1); 7 CFR 273.14; 7 CFR 273.14(b)(3) and (e); 7 CFR 273.18(e)(6)(ii); 7 CFR 273.21(e)(1), (f)(1)(iii), (f)(1)(iv)(B), (f)(2)(v), (h)(2)(iv), proposed (h)(2)(ix) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, (h)(3)(ii), (i), (j), (j)(1)(vi), (j)(1)(vii)(A) and (r), (j)(2)(iii), (j)(3)(ii), (j)(3)(iii)(B), (j)(3)(iii)(C), and proposed (j)(3)(iii)(E) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 274.10; Public Law (P.L.) 100-435, Section 351, P.L. 101-624, and P.L. 103-66; Section 1717, [7 U.S.C. 2014(e)]; 7 U.S.C. 2014(d)(7) and 2017(c)(2)(B); U.S.D.A. Food and Consumer Services, Administrative Notices 94-39 and 97-50; P.L. 104-193, Sections 801, 807 and 827 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); Federal Administrative Notice 97-99, dated August 12, 1997; and United States Department of Agriculture (USDA), Food and Nutrition Service (FNS) Administrative Notice (AN) 02-23, dated February 6, 2002; and USDA FNS AN 03-23, dated May 1, 2003.

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.34 A reduction of work effort to less than 20 hours per week, or averaged monthly 80 hours a month, for purposes of determining whether an ABAWD has satisfied the work requirement defined in Section 63-410.2.

.4 Verification Responsibilities for Monthly Reporting Households

.41 The CWD may request verification be submitted for any item that has changed or appears questionable. Monthly reporting households shall provide verification of the following information reported on the CA 7:

- (a) Gross nonexcluded earned income each month; nonexcluded unearned income and the source of excluded income when first reported and when there is a change, except as specified in Sections 63-505.311 and 63-504.325(a).
- (b) Dependent care costs when there is a change in the source or amount and when there is questionable information which is inaccurate, incomplete, outdated or inconsistent.
- (c) If the household voluntarily reports a change in its medical expenses, the CWD shall verify the change as specified in Section 63-504.421 before acting on it if the change increases the household's allotment. In the case of a reported change that decreases the household's allotment, or makes the household ineligible, the CWD shall act on the change without requiring verification, although verification which is required as specified in Section 63-504.421 shall be obtained prior to the household's recertification.
- (d) Utility costs which entitle the household to the standard utility allowance (SUA), when first allowed and when the household moves.
- (e) Utility costs, if the household is claiming actual expenses, when first allowed as a deduction and when the household moves;
- (f) Residency as defined in Section 63-401 when there is a change, except for categorically eligible households.

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- (g) Social Security Number, except for PA categorically eligible households;
- (h) Actual cost of doing business expenses, if self-employed, with each CA 7.
- (i) Changes in the legal obligation to pay child support and/or an increase in the amount of the child support payments.

.5 Reporting Changes for Households Excluded from Monthly Reporting Requirements

.51 Household Responsibility to Report

The CWD shall not impose any food stamp reporting requirements on nonmonthly reporting households except as provided in Sections 63-505.511 through .517. Certified households shall report the following changes in circumstances:

- .511 Changes in the sources of income, including starting or stopping a job or changing jobs, if the change is accompanied by a change in income. In addition, provided that the household is certified for no more than six months, changes in the amount of earned income of more than \$100 per month since the last time the allotment was calculated.
- .512 Changes in the amount of unearned income of more than \$50.
 - (a) Changes in the public assistance or the general assistance grant are not required to be reported. Since the CWD has prior knowledge of all changes in these grants, action shall be taken on the CWD information. However, if general assistance and food stamp cases are not jointly processed, the household is responsible for reporting changes of more than \$50.
 - (b) Households are not required to report changes in income that result from Social Security COLAs.
- .513 All changes in household composition, such as the addition or loss of a household member;
- .514 Changes in residence and the resulting change in shelter expenses;

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| | .515 | The acquisition of a licensed vehicle not fully excludable under Section 63-501. |
| | .516 | When cash on hand, stocks, bonds and money in a checking or savings account reach or exceed the maximum resource eligibility standard as specified in Section 63-409.12. |
| | .517 | A change in the amount of child support payments made to a nonhousehold member as specified in Section 63-502.37, and/or a change in the legal obligation to pay child support. |
| | .518 | A reduction of work effort to less than 20 hours per week, or averaged monthly 80 hours a month, for purposes of determining whether an ABAWD has satisfied the work requirement specified in Section 63-410.2. |

.52 Timeliness Requirement for Reporting Changes of Nonmonthly Reporting Households

All households shall report changes within 10 days of the date the change becomes known to the household except nonmonthly reporting households who file PA monthly reports. The ten-day reporting period will begin the day the change becomes known. The change may be reported by telephone, by personal contact, or by mail, and may be reported by a household member, the household's authorized representative, or any person having knowledge of the household's circumstances. When the report is made by mail, it may not reach the CWD within the ten-day period. Households will have met the reporting requirement provided the letter is postmarked within the ten-day period. Nonmonthly reporting households which report changes on the PA monthly reporting form shall be considered to have met their food stamp reporting requirements.

This reporting requirement does not apply to households incurring an increase in monthly medical expenses of \$25 or more. To be permitted a deduction for an increase in medical expenses, the household must report the expense in the month of billing or when the bill otherwise becomes due, in accordance with Section 63-503.251 (medical expenses billing).

It is likely that households will not become aware of the exact amount of the decrease in monthly medical costs until the end of the month, when all expenses can be totaled. The CWD shall take the following action on properly reported decreases in medical expenses;

- .521 If the change in monthly medical costs is a one-time only decrease and will not continue in the remaining months of the certification period, no action is required.

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- .522 If the decrease in monthly medical costs is expected to continue past the month of report, the CWD shall act on the change, in accordance with Section 63-504.42.

.6 Other Changes

Although not required, households are to be encouraged to report the following changes since such changes may entitle the household to an increased food stamp allotment.

- .61 A household member reaches age 60, or becomes disabled, as defined in Section 63-102(i).
- .62 The household incurs a dependent care cost, or an increased dependent care cost (within the maximum).
- .63 A change in status of citizenship or work registration.
- .64 The household incurs a new medical expense, or an increased medical expense of more than \$25.

NOTE: Authority cited: Sections 10553, 10554, 10604, 11369, and 18904, Welfare and Institutions Code. Reference: 7 CFR 272.4(f); 7 CFR 273.2(j)(3) and (4); 7 CFR 273.10(d)(4); 7 CFR 273.11(a)(2)(iii); 7 CFR 273.12, (a)(1)(i), (a)(1)(i)(A), (a)(1)(i)(B), (a)(1)(i)(C)(2), and proposed .12(a)(1)(vi) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 273.2(d); proposed 7 CFR 273.2(f)(1)(xii) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 273.21(b), (b)(4), (f)(2)(v), (h)(2)(iv), proposed (h)(2)(ix) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, (h)(3), and (i); 7 CFR 273.12(a)(1)(vii); 7 CFR 273.24(a)(1)(i) and (b)(7); P.L. 100-435, Section 351; P.L. 101-624, Section 1717 [7 U.S.C. 2014(e)] and Section 1723 [7 U.S.C. 2015(c)(1)(A)]; P.L. 102-237, Section 908 [7 U.S.C. 2016(h)(1)]; Food and Consumer Services Administrative Notice 96-13, dated December 7, 1995; United States Department of Agriculture, Food and Nutrition Service Administrative Notice 03-23, dated May 1, 2003; Letter from Food and Consumer Services to Fred Schack, dated March 25, 1996; Food Stamp Act of 1977; and Sections 10554, 10830, and 18904, Welfare and Institutions Code.